

# The Case of the Farmer—As the Farmer Sees It

## Motives Behind the Great Surge Toward Organization and Reasons for the Demand for Special Legislation

**A**BOUT half the people of the United States live in what the Census Bureau designates as "rural" America. This half of the population—48.1 per cent to be exact—feels that it has a grievance against the way it is being treated. It does not believe it is getting a fair deal from the 51.9 per cent of the people who live in "urban" America.

Now, when half a nation feels it is being wronged some attention must be paid to the complaint. There must be a hearing sooner or later and the more willingly it is given and the more sympathetically it is received, the better matters will be for everyone concerned.

"Rural" America, let it be understood, comprises the people of the farms and of the hamlets and villages of less than 2,500 population. Actually, of course, those who live in the communities are not all tillers of the soil. But they live so close to the farms and their lives are so constantly interwoven with the lives of the farming class that their interests are practically identical and they may be written down as accepting the farmer's viewpoint and making common cause with him.

In two articles THE DEARBORN INDEPENDENT has described the growth of the co-operative movement among the farmers of America and the national legislative program which their organizations propose to place before Congress. In this article an effort will be made to set forth the reasons which the farmer advances in support of the course he purposes to pursue. Before continuing, however, it should be understood that no attempt is to be made here to debate these arguments. Whether right or wrong they represent the farmer's viewpoint and it is as such and such only that they are set forth.

Let one of the most general complaints be heard first.

The farmer charges that the present anti-trust laws make it impossible for him to engage in collective marketing and that such marketing is not only necessary, but is absolutely essential if he is to share in the nation's prosperity. Collective marketing, he declares, will permit him to have something to say about the price he is to receive for his products and his labor and this right he feels he must have before he can even begin to solve his present-day problems.

"When we purchase goods," complains the farmer, "we are told how much we must pay. When we sell, and somebody else purchases, we are told how little we can get. What would the hardware merchant who puts in a line of stoves think if we were to walk into his store and without waiting to consider what the stoves cost him, or how much he must add for his labor and the cost of doing business, tell him what he had to sell them for? Yet when we are ready to sell our products that is exactly what happens to us.

"Other lines of business base their quotations on the cost of production plus a supposedly fair profit, all influenced somewhat by competition, but nobody cares what the farmer's cost of production has been nor whether he is getting anything for his investment, his time or his labor.

"We are urged to plant a big acreage so that the world may be fed and then when the work is done and we are ready to market our crops, we are told that there has been overproduction somewhere, that the supply is greater than the demand and consequently we must accept a lower price than had been anticipated.

"Now the chances are that when we prepared for our crops prices were high. Labor was expensive, implements, fertilizer, seeds and everything we use were on a similar scale. This means that our costs of production were high so that when we went to market to make our annual turnover and were faced by low prices for our products we were somewhat in the position of the merchant whose shelves were filled with high-priced goods when the cost of living fell. But the merchant has had an opportunity to get from under, and we have none. He turns over a share of his stock every day. He can prepare for such an emergency. We turn our products over once a year. Prices may start to drop months before the harvest time and we are perfectly helpless to protect ourselves. We cannot hurry our crops or change them, once they are in the ground.

"Business and industry in general are endeavoring to step down gradually so that they may preserve their equilibrium and save a crash, and the farmer does not object to that. What he does object to is the fact that there are no steps for him. He is pitched down bodily.

"When we do go to market," the farmer argues, "it is as individuals. We have no particular influence, we cannot dictate any terms. In the great majority of cases the farmer has not the means to carry his products until prices rise. He cannot borrow heavily from the banks for that purpose. Therefore, he has no alternative except to take what is offered him. On the other hand a co-operative organization which controls 40 million or 50 million bushels of wheat will have had the means to study the markets, to decide when to sell and will be able to carry its members for a time while waiting for a more favorable market."

Frankly stated then, the farmer wants the anti-trust laws amended so that he may be able to steady the price of farm products through collective bargaining. He would rather have steady prices than high

The American farm leaders contend that present conditions threaten the stability of agriculture.

They say that the farmer has been discriminated against; that he is so curbed and hampered that he cannot make a fair profit on his labor and his investment, and that in many cases he actually loses money on his year's work.

No attempt has been made here to debate these arguments. They are set forth as offered by the representatives of farm organizations.

They will serve to explain to the reader the great surge toward union and co-operation among the farmers and insistence upon amendments to the anti-trust measures which will make it lawful to engage in collective marketing.

prices and he believes he can bring them about through organization. That is why he is going into these co-operative movements so strongly; not because he believes they will give him pleasure, nor because he thinks they will increase his social standing. He supports them because he thinks that through them he can increase his prosperity and, like everyone else, he measures his prosperity in terms of money.

A second complaint which the farmer makes has to do with the present system of distribution. He claims it operates to his great disadvantage and robs him of a fair profit without, on the other hand, benefiting the public through low prices.

"There was a time," says the farmer, "when the chain consisted of three links: the farmer—the retailer—the consumer. Now dozens of speculators, buyers and brokers have crowded in, each of whom demands a profit and who gets it, no matter how much prices may drop, by whipsawing the producer and the consumer—one out of his just profit and the other out of a fair price.

"It is easy and natural for the city people to cry, 'Down with the farmer's profits,' but experience should have taught them by this time that low prices to the farmer do not mean correspondingly low prices to the

a tremendous drop. But the farmer who takes a calf to market and then goes in to buy a pair of shoes pays more for the shoes than he gets for the whole calf.

"We understand that the bakers have finally condescended to drop the price of bread one or two cents a loaf. That brings up the question of wheat. To begin with, the grower feels that he was badly treated during the war when the government fixed the price of wheat at \$2.20 a bushel but left all other industries free to operate on a cost-plus basis. He wants to know why he, out of all the producers in the United States, had to submit to an arbitrary price which was not even based on the cost of production. He points to the statement of a high official of the Department of Agriculture who said that the average cost of producing a bushel of wheat in those years was \$2.27 and he recalls, besides this, the fact that the government price of \$2.20 was merely for top grade delivered at a terminal point, and that the average in reality ran about \$1.90. Early this year, when the wheat had left the farmer's control and was in the possession of the speculators, the price went up. When he was ready to harvest his crop it went down again.

"Who is responsible for these conditions? Why, the go-betweens, the profit-takers who have entered the line of distribution. As they pass the food along each adds something for handling so that the price grows like a rolling snowball. Let the farmer engage in co-operative marketing, permit him to build organizations strong enough to push these men aside and deliver direct, and he will not only obtain fair profits for himself, but he will guarantee a reduction in prices to the consumer."

This brings us to another complaint the farmer is making, which is that he is unjustly regarded by the nation as a greedy member of society who is intent only on grasping all he can get and who is never satisfied with his profits. He claims in reply, that not only did he get less than his share of prosperity during the war and the two years following the war, but that he is expected to operate at a loss during the period of readjustment.

"Turn," says the farmer, "to the reports of the Department of Agriculture and find written there the statement that the average wage of the American farmer is less than half the average wage received by carpenters, bricklayers or other skilled city workmen who are members of trade unions.

"Turn also to the last annual report of the Secretary of Agriculture and you will find this statement: 'In some sections the net return on the purchase price of farm lands is considerably less than the ordinary rate of return on first mortgages and similar investments. The rental rate of cash leases, also, is frequently less than half the rate of return on mortgages . . . Such a situation is unfortunate, for it increases the difficulties of a tenant who is seeking to become an owner. If he borrows a considerable part of the purchase price of a farm at from five to seven per cent and then finds that the investment will earn little more than three per cent, it will be impossible in many cases for him to discharge the debt.'

"Read now the brief remarks which the Secretary of Agriculture makes on the subject of the reduction of the area under cultivation in the United States. They follow:

"War conditions stimulated an expansion of the area devoted to crops, estimated at 10.1 per cent from 1914 to 1918, or an increase of 3.4 per cent in the per capita acreage. This was effected by utilizing pasture land for crop production and by bringing into use other uncultivated areas. The expansion was particularly marked in the case of small grains. Since the armistice there has been a reduction in crop acreage. From 1919 to 1920 there was a decline of 5.4 per cent in the acreage of 20 principal crops. Apparently the reduction has been brought about by returning the land to pastures and by discontinuing the use of low-grade areas which were temporarily utilized.

"These changes should be instructive to those who would reduce the price of farm products by bringing into use large areas of new land. It is clear that if prices have been extraordinarily remunerative to the farmer compared with the returns on capital and labor in industry, we would not witness this reduction of the acreage in cultivation, but on the contrary a continued enlargement of it.

"Much loose thinking and many wrong conclusions are based on false impressions concerning the profitability of farming. The increase in farm profits during the war was inevitably transitory. Moreover, measured in purchasing power, they shrank rapidly as a result of the rise in general commodity prices. Owing to the highly competitive character of

his business and the lack of organization, the farmer has had no effective means of preventing the impairment of his profits; his only recourse has been to migrate to the city and change his occupation, a course actually followed by many. In the light of these facts and the fear of a continued decline in profits, it is clear why the tendency to expand the crop area has been suddenly reversed."

As a clinching proof of his contention that he is faring badly, the farmer offers government statistics on the 1920 yield and invites comparison with the harvests

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consumer. The bottom fell out of the hog market last year and many farmers went bankrupt as a result, but the price of bacon advanced 11 per cent. The price of beef went to smash and hundreds of stock raisers went with it, but the butcher kept right on charging the same old price for steak. He said it would be some time before the cheap meat would reach his counter. Yet he buys the meat every day from the packers who kill and ship every day. The wool market collapsed long ago but the price of wool cloth is still high. There is practically no market for cotton, but cotton goods bring good prices. Leather has taken